PRESENTATION TO THE BOARD OF MEDICAL ASSISTANCE SERVICES:

DMAS VALUE-BASED PURCHASING EFFORTS

December 10, 2019

Value-Based Purchasing Terminology

Understanding the language of value

- "Value" is a big buzz word in health policy these days
- Can be difficult to understand the context
- For the purposes of this presentation we will use the following definitions:
  - Value-Based Payments → Payment structures that tie *provider* financial success to patient receipt of high-quality, efficient care
  - Value-Based Purchasing → A *broader concept* where both monetary and non-monetary incentives are used to drive performance at multiple levels within the health system

The ultimate goal of VBP policy is to promote the effective and efficient provision of care to Medicaid members; rewarding value, not volume of care.

The Need for Value Based Purchasing

DMAS plays a critical role in the provision of health care coverage to an increasing number of Virginians.

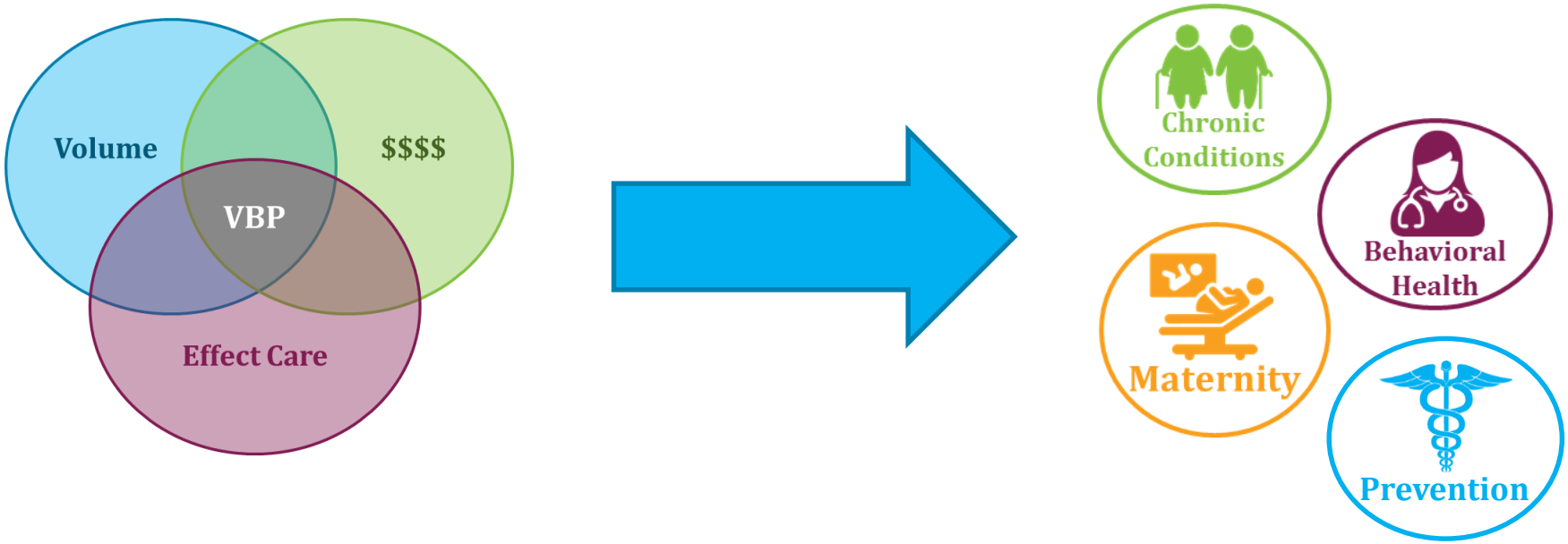
DMAS has a responsibility to members and the Virginia taxpayer to maximize the value it receives for state and federal health care dollars.

VBP is a powerful tool to promote quality and efficiency in the care Medicaid members receive.

CMS is actively encouraging efforts by purchasers, plans, and providers to change payment and improve care delivery.

Areas of VBP Focus for DMAS

VBP efforts need to effectively leverage limited resources to improve care outcomes



DMAS will focus on VBP initiatives and accountability structures that emphasize behavioral health, chronic conditions, maternity care, and prevention.

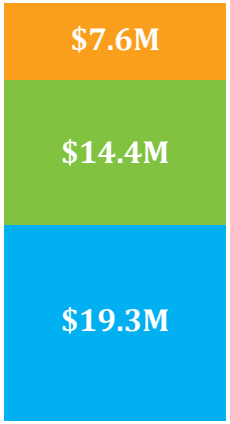
Current & Proposed VBP Efforts

Program	Accountability	Incentive
Clinical Efficiencies	• Evaluate levels of preventable utilization (i.e. ED visits, hospital admissions, hospital readmissions) • Develop performance measures to track MCO- & hospital-specific performance	**2020**: Adjust M4 capitation rate **2021 and Beyond:** MCOs have two-sided risk based on measure performance
Performance Withholds	• Performance targets for key process and outcome metrics • Focus on behavioral health, chronic conditions, maternity care, and prevention	**CCC+** → 1% capitation withhold beginning in CY 2018 **Medallion 4.0** → 1% capitation withhold beginning in SFY 2021
CCC+ Discrete Incentives	Support successful, sustained transitions of complex nursing facility residents into the community	MCO's can earn one-time bonus for each successful transition
Proposed New Initiative		
Episodic Payments	• DMAS Decision Package proposing to develop and implement episodes for maternity, asthma, and congestive heart failure (CHF) • Conditions represent: 1) areas of importance for members, 2) evidence improved care outcomes reduce spending, 3) available resources from other states	Establish provider accountability for spending & quality thresholds over the course of a defined period of care

DMAS Clinical Efficiencies (CE) Policies

Top 3 Adult Drivers: Diabetes, Urinary Tract Infections, & Pneumonia
Top 3 Pediatric Drivers: Asthma, Perforated Appendix, & Diabetes

Top 10 Drivers: Respiratory Issues (J06.9, J45.9), Ear Infection (H66.9), Fever (R50.9), Soar Throat (J02.9, J02.0), UTI (N39.0), Nausea (R11.2, R11.1), and Headache (R51.)



Base analysis of CY 2016/17 utilization identified over $41M in potentially preventable and/or medically unnecessary spending among *Medallion* members

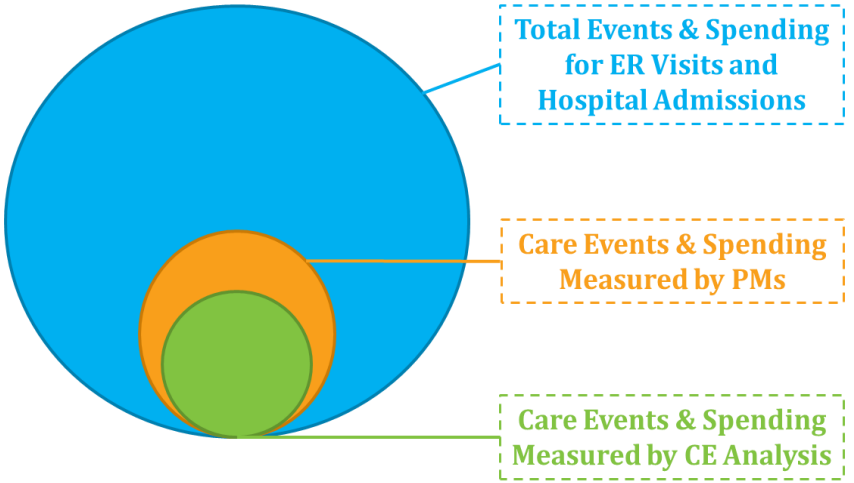
DMAS identified utilization that could be avoided through effective care management and access to/utilization of lower acuity care settings; specifically, potentially preventable and/or medically unnecessary ER visits, hospital admissions, and hospital readmissions.

Base Analysis

Future Policy

DMAS is working to turn its base CE analysis into a series of performance measures that can be tracked year-over-year to assess MCO efficiency improvement. In doing so it will expand the portion of care events relevant to the efficiency analysis and develop capabilities to evaluate hospitals in a similar manner.

Broader Scope from CE Analysis to Performance Measure



Medallion & CCC Plus Performance Withholds

By SFY 2021, at least 1% of all MCO capitation rates will be at-risk based on performance against quality measures focusing on behavioral health (BH), chronic conditions (CC), maternity care, and prevention

- CCC Plus withhold began in CY 2018 (CY 2018 and CY 2019 were pay-for-reporting)
- Medallion withhold will begin in SFY 2021

Performance Withhold Measure Composites			
Domain	**CCC Plus**	**Medallion 4**	**Measure Type**
BH	Follow-up after ER visit for mental illness		HEDIS
CC	COPD and/or asthma admissions rate		PQI
CC	Comprehensive diabetes care		HEDIS
BH	Follow-up after ER visit alcohol or other drug dependence		HEDIS
BH	Initiation and engagement of alcohol and other drug dependence treatment		HEDIS
CC	Heart failure admissions rate		PQI
Maternity		Prenatal and Postpartum Care	HEDIS
Prevention		Childhood immunization status – combo 3	HEDIS
Prevention		Adolescent well-care visits	HEDIS

The Performance Withhold Program places significant financial incentives behind MCO achievement for key member care events and outcomes.

Episodes of Care

An episode of care is a set of services provided for a **condition or procedure** over a **period of time**. Episodic payment VBP models assign **expectations and accountability** for **cost and quality** over the course of an episode.

Pregnancy and Delivery	280 days before delivery through 60 days after hospital discharge	Physician(s) billing delivery	C-Section rate, Follow-up care, Screenings
Acute Asthma Exacerbation	Asthma-related ER visit, Obs stay, or Inpatient admission to 30-days post-discharge	Facility treating at trigger	Follow-up care, Filled prescriptions, Repeat exacerbations
Congestive Heart Failure (CHF)	CHF-related ER visit, Obs stay, or Inpatient admissions to 30-days post-discharge	Facility treating at trigger	Follow-up care, Filled prescriptions, Readmission rate

DMAS Proposes 3 Episodic Payment Models

- >100,000 members have an asthma diagnosis (~70% children)
- Members w/ asthma account for >$600M in total spending annually (>$26M directly related to spending w/ a primary Dx of asthma)
- Accounted for >1,100 potentially preventable inpatient admissions in base CE analysis

- >22,000 members have a CHF diagnosis
- Members w/ CHF account for >$650M in total spending annually (>$90M directly related to spending w/ a primary Dx of CHF)
- Accounted for >1,200 potentially preventable inpatient admissions in base CE analysis

- Medicaid covers more than 1 in 3 Virginia births, with medical spending around deliveries along representing over $200M in annual costs
- Virginia low birth weight deliveries and C-Section rates are higher than the national average, resulting in much higher hospital and recovery costs than standard deliveries
- Care outcomes for better deliveries and healthier children can improve short term efficiency and long term population health

DMAS submitted a budget proposal to develop and implement 3 episodes; analysis of membership size and utilization for select conditions indicates strong potential for episodic payments